

Message Text

LIMITED OFFICIAL USE

PAGE 01 SEOUL 02778 160000Z

60

ACTION EA-09

INFO OCT-01 ISO-00 EB-07 INR-07 /024 W

----- 095805

P 150731Z APR 76

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC PRIORITY 6604

LIMITED OFFICIAL USE SEOUL 2778

STADIS////////////////////////////////////

FROM AMB SNEIDER TO ASST SECRETARIES HABIB AND GREENWALL

E.O. 11652: N/A

TAGS: BEXP KS

SUBJECT: EXIMBANK FOR LOANS TO KOREA

REF: (A) SEOUL 2649 (B) SEOUL 2666 (C) SEOUL 2648

1. WE HAVE RECENTLY BECOME CONCERNED ABOUT THE LACK OF EXIM-BANK ACTION ON LOAN APPLICATIONS FOR MAJOR PROJECTS IN KOREA. YOU ARE NO DOUBT FAMILIAR WITH THE KORI II SITUATION (REF. C), BUT WE NOW HAVE TWO OTHER SIMILAR CASES, INVOLVING THE COMBINED CYCLE POWER PLANT FOR KOREA ELECTRIC COMPANY (KECO) (REF. A) AND EXPANSION OF THE KOREAN BROADCASTING SYSTEM (KBS) (REF. B).

2. IN THE CASE OF THE COMBINED CYCLE POWER PLANT, KECO HAS LIMITED THE BIDDERS, BUT GENERAL ELECTRIC, WESTINGHOUSE, AND TURBODYNE OF THE U.S. STILL REMAIN IN COMPETITION AGAINST STRONG FOREIGN SUPPLIERS, INCLUDING JAPAN. THIS PROJECT IS NUMBER FIVE ON THE 1976 PRIORITY LIST SUBMITTED BY THE ROK ECONOMIC PLANNING BOARD TO EXIMBANK. KECO HAS REQUIRED EACH BIDDER TO SUBMIT DETAILED FINANCING PLANS BY APRIL 14, AND IN THE CASE OF THE U.S. COMPANIES THIS MEANS EXIMBANK FINANCING. WE UNDERSTAND EXIMBANK HAS DEFERRED FURTHER CONSIDERATION OF THIS \$123 MILLION SALE OF U.S. EQUIPMENT, PENDING RESOLUTION OF THE KORI II PROPOSAL. SINCE THE POWER PLANT IS REQUIRED TO SUPPLY ANTICIPATED DEMAND LEFT UNMET BY THE DELAY IN COMPLETION OF KORI I

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 SEOUL 02778 160000Z

(NOT II), WE FIND EXIM'S ACTION INEXPLICABLE.

3. IN THE CASE OF KBS, RCA HAS A LETTER OF INTENT WHICH REQUIRES FIRM FINANCING BY APRIL 23, 1976. IF THIS FINANCING IS NOT FORTHCOMING, THE \$10 MILLION ORDER WILL GO TO THE U.K. WHICH HAS FIRM FINANCING. KBS HAS APPLIED FOR AN EXIMBANK LOAN, AND THE PROJECT IS NUMBER SIX ON EPB'S PRIORITY LIST SUBMITTED TO EXIMBANK.

4. WE HAVE BEEN INFORMED BY GENERAL ELECTRIC VIA THEIR SEOUL OFFICE THAT THE PRESIDENT OF EXIMBANK TOLD A GE REPRESENTATIVE THAT "EXIMBANK IS NEGATIVE ON LARGE LOAN PROJECTS TO KOREA AND KOREA MUST GET THEIR HOUSE IN ORDER."

5. ALTHOUGH GE REPORT MAY BE INACCURATE AND SELF-SERVING, I AM STILL CONFOUNDED BY EXIM POSITION DELAYING ACTION ON COMBINED CYCLE PLANT AND RCA. EXIM POSITION CAN HARDLY SERVE BROADER SECURITY HERE, LET ALONE OUR COMMERCIAL INTERESTS, WHERE WE ARE FACING INCREASING COMPETITION FROM JAPAN AND NOW EUROPEANS. WOULD HELP IF YOU COULD REVIEW KOREA POLICY WITH NEW LEADERSHIP AT EXIM.
SNIDER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 15 APR 1976
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: izenbei0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976SEOUL02778
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760143-0930
From: SEOUL
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760457/aaaabwjx.tel
Line Count: 82
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: STADIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: STADIS
Reference: 76 SEOUL 2649, 76 SEOUL 2666, 76 SEOUL 2648
Review Action: RELEASED, APPROVED
Review Authority: izenbei0
Review Comment: n/a
Review Content Flags:
Review Date: 28 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <28 MAY 2004 by greeneet>; APPROVED <22 SEP 2004 by izenbei0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EXIMBANK FOR LOANS TO KOREA
TAGS: BEXP, KS
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006